



CFA Society  
Minnesota

2014

FINANCIAL COMPENSATION SURVEY



CFA Society Minnesota is dedicated to being a trustworthy source of information for investment professionals in the Twin Cities, as well as the entire Midwest five-state region. To this end, we are proud to again offer our annual Financial Compensation Survey. Now in its second year, the results of this market research provide a regional-specific analysis of compensation levels for investment and financial professionals.

Following the widely successful survey launch in 2013, we are excited to share the results of the CFA Society Minnesota 2014 Financial Compensation Survey. With two years of data under our belts, we are now able to show year-over-year comparisons. Eventually, we can begin to identify trends, and start to paint a comprehensive picture of compensation in our region. The following pages will share the key data points gathered this year, initial trend analysis and cross-correlations.

For those who participated in the survey, I want to personally thank you for helping to create this beneficial set of data. I trust you will agree to the indispensable value this market research yields.

Regards,



Kim Brustuen, CFA

President, CFA Society Minnesota

## Executive Summary

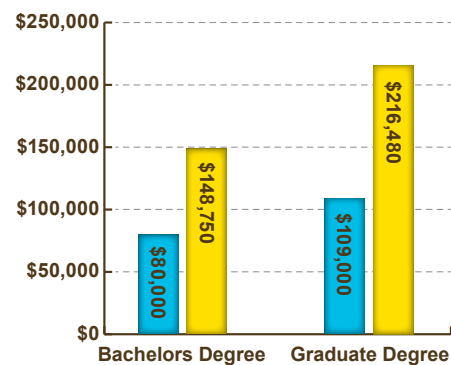
Trend analysis is a critical job requirement for most successful financial and investment professionals. From year-over-year comparatives to correlative associations, the ability to analyze data and identify unique traits is important in a rapidly evolving market. The same holds true in the highly competitive investment job market.

*This primary research examines the impact of variables (e.g., tenure, title, CFA designation, education, et al.) on compensation levels.*

Given the imperative to accurately, albeit broadly, define compensation levels specific to the five-state Midwest Region, CFA Society Minnesota once again has executed market-specific primary research with respondents representing Minnesota (87% residing in the Twin Cities metro), North Dakota, South Dakota, Iowa and Wisconsin. The following pages report the impact of a range of variables as well as comparisons to last year's reported data for your interpretation.

Data shows professionals who invest their time in attaining advanced degrees and CFA certification tend to have higher compensation levels than those who don't.

## Compensation Comparison Chart



● Non-Charterholder ● CFA Charterholder



### Reported Median Compensation for Those With Less Than 5 Years of Experience for Selected Occupations

	Base	YOY Change	Bonus	YOY Change	Total	YOY Change
Portfolio Manager (equities)						
Portfolio Manager (fixed income)						
Portfolio Manager (indexed/other)						
Buy-side Research Analyst (equity)	82,500	23%	37,500	50%	125,000	45%
Buy-side Research Analyst (fixed income)	70,000	-5%	30,000	31%	97,500	-2%
Buy-side Research Analyst (quantitative)						
Financial Advisor/broker	53,000				57,000	
Investment Banker	65,000	8%	23,000		91,000	
Sell-side Research Analyst (equity)	67,500	13%	25,500	57%	90,000	50%
Manager of Managers						
Consultant	61,500	18%	10,000	150%	69,000	28%
Accountant/Auditor	55,100	-13%			57,000	-12%
Performance Analyst	54,894	-2%	7,000	155%	63,394	17%
Chief Investment Officer						
Buy-side Research Analyst (other)	54,000		5,000		60,000	
Institutional Sales Representative/ Relationship Manager						
Strategist						
Risk Manager	80,000	-4%	7,500	-25%	96,000	4%
Chief Executive Officer/Chief Financial Officer						
Private Client Professional (other)						
Buy-side Trader (equity)						

Chart includes responses for occupations with 10 or more survey responses; cells in gray represent 5 or fewer responses.



## Reported Median Compensation for Those With 5 to Less Than 10 Years of Experience for Selected Occupations

	<b>Base</b>	<b>YOY Change</b>	<b>Bonus</b>	<b>YOY Change</b>	<b>Total</b>	<b>YOY Change</b>
Portfolio Manager (equities)	114,250	7%	36,750	-26%	151,000	2%
Portfolio Manager (fixed income)	93,292				125,508	
Portfolio Manager (indexed/other)	102,500	29%	19,000		116,000	16%
Buy-side Research Analyst (equity)	108,500	40%	51,500	119%	163,500	57%
Buy-side Research Analyst (fixed income)	101,500	-5%	69,825	-16%	182,750	3%
Buy-side Research Analyst (quantitative)	110,000		50,000		150,000	
Financial Advisor/Broker	80,000	15%	16,500	65%	101,500	19%
Investment Banker						
Sell-side Research Analyst (equity)						
Manager of Managers	102,900	6%	13,561	-13%	105,000	-5%
Consultant	100,000	11%	12,000	-20%	110,000	9%
Accountant/Auditor	75,000	0%	7,000	-26%	75,460	-3%
Performance Analyst	70,000	8%	3,750	-32%	73,750	2%
Chief Investment Officer						
Buy-side Research Analyst (other)	95,000	6%	20,000	100%	107,500	12%
Institutional Sales Representative/ Relationship Manager						
Strategist						
Risk Manager	87,065	5%	18,500	87%	101,500	10%
Chief Executive Officer/Chief Financial Officer						
Private Client Professional (other)	83,000	18%	13,000	18%	92,200	5%
Buy-side Trader (equity)						



## Reported Median Compensation for Those With 10 to Less Than 20 Years of Experience for Selected Occupations

	<b>Base</b>	<b>Bonus</b>	<b>Total</b>
Portfolio Manager (equities)	179,000	99,000	250,000
Portfolio Manager (fixed income)	150,000	95,000	225,000
Portfolio Manager (indexed/other)			
Buy-side Research Analyst (equity)	200,000	153,000	317,000
Buy-side Research Analyst (fixed income)	132,790	95,000	231,000
Buy-side Research Analyst (quantitative)			
Financial Advisor/broker	95,000	112,500	175,000
Investment Banker			
Sell-side Research Analyst (equity)			
Manager of Managers	127,000	33,750	165,000
Consultant	100,500	11,250	109,750
Accountant/Auditor			
Performance Analyst			
Chief Investment Officer	165,000	50,375	191,000
Buy-side Research Analyst (other)			
Institutional Sales Representative/Relationship Manager	130,000	201,750	388,500
Strategist			
Risk Manager	101,000	20,000	120,000
Chief Executive Officer/Chief Financial Officer			
Private Client Professional (other)	120,000		155,000
Buy-side Trader (equity)	90,000	25,000	120,000

There is no YOY change data for professionals with 10 to less than 20 years of experience and more than 20 years of experience, as last year this data was grouped together.



### **Reported Median Compensation for Those With More Than 20 Years of Experience for Selected Occupations**

	<b>Base</b>	<b>Bonus</b>	<b>Total</b>
Portfolio Manager (equities)	186,000	152,300	361,000
Portfolio Manager (fixed income)	188,250	190,000	337,500
Portfolio Manager (indexed/other)			
Buy-side Research Analyst (equity)			
Buy-side Research Analyst (fixed income)	170,000	140,000	310,000
Buy-side Research Analyst (quantitative)			
Financial Advisor/Broker			
Investment Banker			
Sell-side Research Analyst (equity)			
Manager of Managers	144,750	35,000	172,750
Consultant	155,000	35,000	185,000
Accountant/Auditor			
Performance Analyst			
Chief Investment Officer	200,000	243,000	320,000
Buy-side Research Analyst (other)			
Institutional Sales Representative/Relationship Manager			
Strategist			
Risk Manager			
Chief Executive Officer/Chief Financial Officer	220,000	87,500	337,500
Private Client Professional (other)	177,500	92,500	235,000
Buy-side Trader (equity)			

If respondent answered “yes” to being eligible for a cash bonus and provided a bonus figure of 0, this was included in the median cash bonus calculation.



## Median Total Compensation by Occupation

	Base	YOY Change	Bonus	YOY Change	Total Compensation	YOY Change
Portfolio Manager (equities)	172,500	15%	99,500	66%	267,500	41%
75th Percentile	200,000	21%	197,750	87%	376,500	25%
Portfolio Manager (fixed income)	145,000	-10%	100,000	-13%	225,000	-27%
75th Percentile	170,000	-13%	200,000	-18%	410,000	-18%
Portfolio Manager (indexed/other)	115,000	23%	30,000	59%	130,000	14%
75th Percentile	131,000	10%	54,000	50%	183,500	22%
Buy-side Research Analyst (equity)	113,500	26%	50,000	100%	163,500	33%
75th Percentile	178,750	42%	80,527	37%	268,750	28%
Buy-side Research Analyst (fixed income)	118,000	7%	81,075	8%	191,000	1%
75th Percentile	150,000	15%	140,075	40%	294,000	11%
Buy-side Research Analyst (quantitative)	103,500		37,500		135,000	
75th Percentile	120,000		81,250		207,500	
Financial Advisor/Broker	80,000	15%	27,250	17%	125,000	25%
75th Percentile	110,000	-7%	123,750	53%	170,000	-26%
Investment Banker	100,000	0%	28,125	13%	122,625	2%
75th Percentile	107,000	-21%	47,500	-53%	155,000	-33%
Sell-side Research Analyst (equity)	72,500	21%	25,500	113%	110,000	53%
75th Percentile	100,000	21%	33,250	33%	143,500	6%
Manager of Managers	118,500	7%	30,000	25%	145,723	7%
75th Percentile	142,625	1%	56,250	25%	189,375	6%
Consultant	100,000	6%	12,500	-17%	111,250	6%
75th Percentile	120,000	0%	20,000	-5%	129,500	-18%
Accountant/Auditor	73,750	5%	6,050	19%	73,980	-1%
75th Percentile	94,500	8%	18,000	16%	104,250	-1%





## Median Total Compensation by Occupation

	Base	YOY Change	Bonus	YOY Change	Total Compensation	YOY Change
Performance Analyst	58,000	-8%	6,000	20%	65,000	0%
75th Percentile	75,250	5%	10,000	42%	77,625	3%
Chief Investment Officer	179,500	-20%	85,000	-6%	210,500	-50%
75th Percentile	223,750	-28%	201,500	-4%	433,750	-27%
Buy-side Research Analyst (other)	72,000	-20%	10,000	2%	83,000	-17%
75th Percentile	115,000	-16%	31,250	-7%	136,500	-16%
Institutional Sales Representative/ Relationship Manager	118,500	25%	198,500	261%	357,750	-6%
75th Percentile	127,500	-1%	300,000	32%	425,000	-8%
Strategist	120,000	20%	22,500	50%	162,000	30%
75th Percentile	150,000	36%	47,000	71%	167,000	25%
Risk Manager	96,000	16%	18,000	80%	104,500	14%
75th Percentile	110,000	5%	47,000	194%	177,000	34%
Chief Executive Officer/ Chief Financial Officer	198,000	22%	133,750	272%	351,250	37%
75th Percentile	235,000	9%	259,750	212%	413,250	46%
Private Client Professional (other)	90,300	28%	30,000	111%	120,000	32%
75th Percentile	133,750	6%	57,500	58%	167,500	-18%
Buy-side Trader (equity)	85,000	10%	25,000	0%	112,500	2%
75th Percentile	94,625	2%	33,000	-4%	124,125	-15%



## Compensation by Employer Size

Breakdown by Assets & Employee Size	Base	Bonus	Total Comp
<b>Under \$500 million</b>			
Under 50	100,000	23,500	133,500
50 to less than 250	108,000	31,000	261,000
250 to less than 500			
500 to less than 2,500			
2,500 to less than 5,000			
Over 5,000			
<b>\$500 million to less than \$2 billion</b>			
Under 50	117,500	25,000	133,250
50 to less than 250	98,500	25,000	112,500
250 to less than 500			
500 to less than 2,500			
2,500 to less than 5,000			
Over 5,000			
<b>\$2 billion to \$10 billion</b>			
Under 50	115,000	71,352	171,000
50 to less than 250	165,000	63,750	200,000
250 to less than 500			
500 to less than 2,500	113,980	30,000	146,500
2,500 to less than 5,000	91,437	28,000	123,437
Over 5,000	93,750	8,500	99,500
<b>\$10 billion to less than \$50 billion</b>			
Under 50	108,500	61,610	168,402
50 to less than 250	102,000	45,000	157,000
250 to less than 500	78,100	27,000	112,500
500 to less than 2,500	107,250	51,000	167,500
2,500 to less than 5,000	113,500	16,800	129,500
Over 5,000	153,500	25,000	178,500

### Compensation by Employer Size

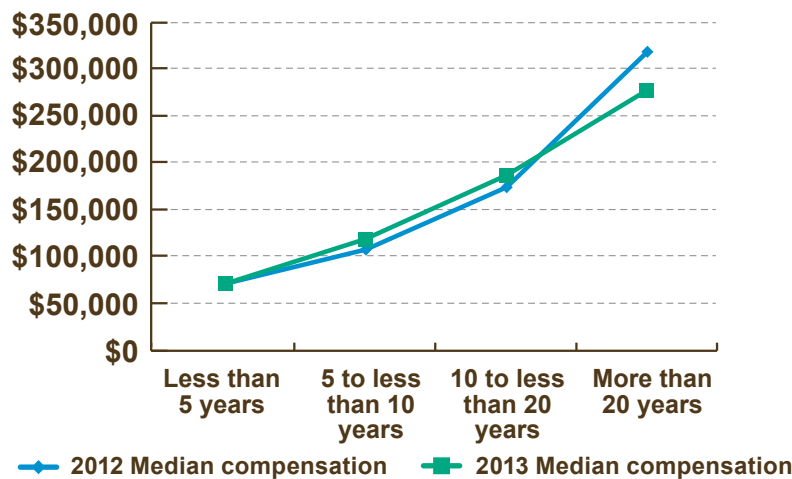
Breakdown by Assets & Employee Size	Base	Bonus	Total Comp
<b>\$50 billion to \$100 billion</b>			
Under 50	70,000		100,000
50 to less than 250	120,000	51,000	171,000
250 to less than 500			
500 to less than 2,500	102,500	30,825	130,500
2,500 to less than 5,000	155,500	122,500	269,500
Over 5,000	111,500	43,500	171,000
<b>Over \$100 billion</b>			
Under 50			
50 to less than 250	80,000	10,000	85,000
250 to less than 500			
500 to less than 2,500	152,500	82,500	214,000
2,500 to less than 5,000	130,000	97,500	226,000
Over 5,000	100,350	45,000	146,750
<b>Not Applicable</b>			
Under 50	100,000	20,000	120,000
50 to less than 250	88,000	8,500	93,000
250 to less than 500			
500 to less than 2,500	87,500	25,000	103,500
2,500 to less than 5,000			
Over 5,000	98,000	20,000	122,500

Additional detailed analysis of this compensation breakdown is available upon request to CFA Society Minnesota.

"Not Applicable" represents the various organizations financial professionals work for that do not manage assets or investments.



### Total Compensation Experience Trend Analysis

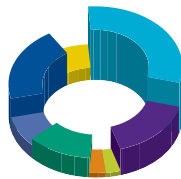


### Change in Total Compensation



Increased Over 20%	9.7%
Increased 10-20%	21.1%
Increased 0-10%	48.1%
Stay the Same	16.8%
Decline	4.3%

### Primary Determinant of Bonus



Business unit/division performance	30.8%
Discretionary	16.1%
Individual financial contribution	2.7%
Commissions generated	2.9%
Individual investment performance	12%
Other factors related to individual performance	7.7%
Overall firm performance	19.7%
Not eligible for bonus	8.1%

### Other Forms of Compensation

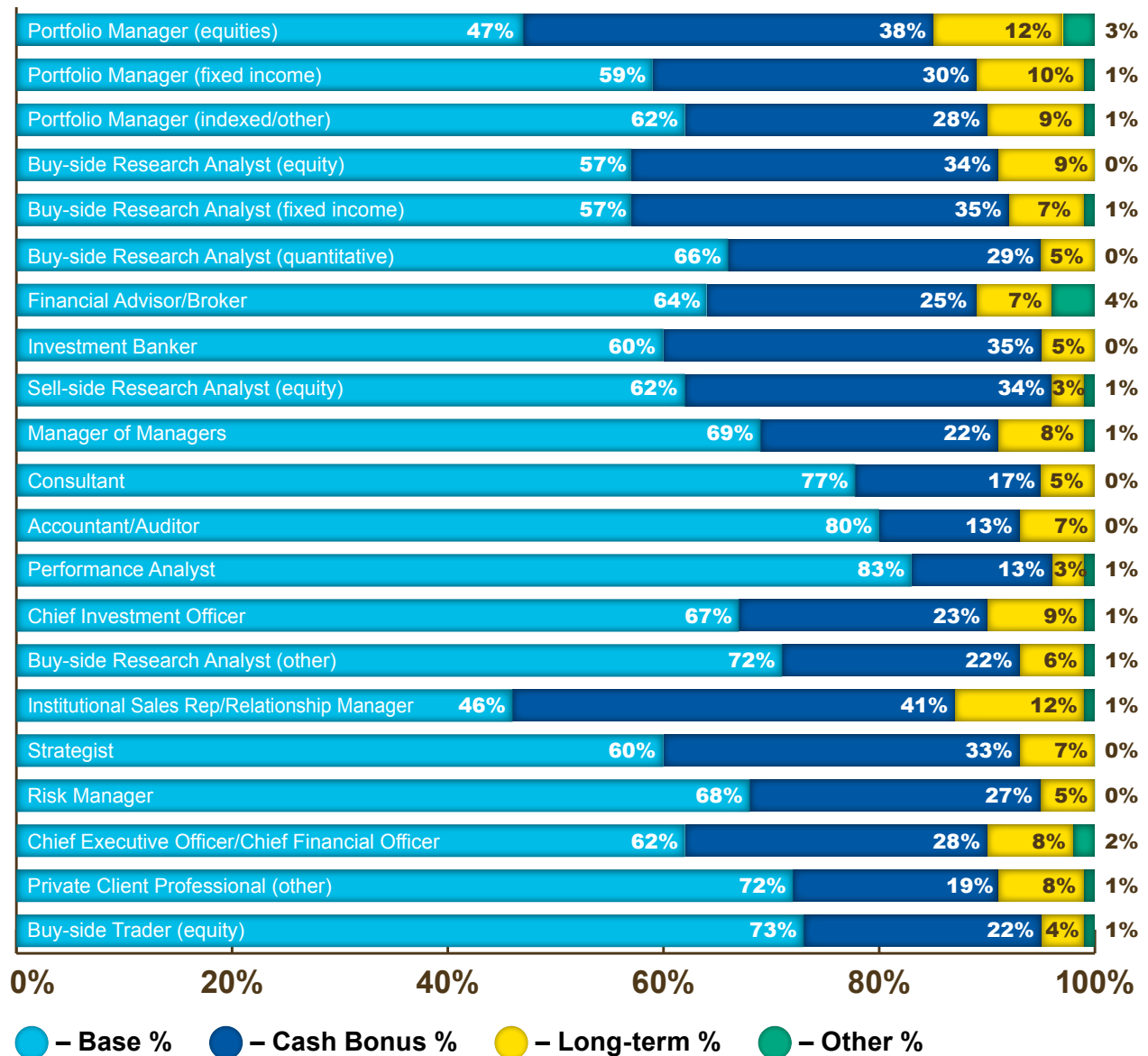


Cash bonus mandatorily deferred	13%
Company stock	26.6%
Investment partnership payments	5.9%
Phantom share	3.7%
Performance units	6.5%
Retirement contributions (401k, Pension, etc.)	83.9%

Reported 2013 total compensation is trending slightly higher than 2012 for most levels of experience. Data from 2015 survey will begin to show more specific trend analysis.



## Average Ideal Compensation Structure for Selected Occupations





## Total Compensation vs. Compensation Perception

	2013 Median Comp	% of Respondents who said they were undercompensated but actually were still above median
Less than 5 years	\$71,000	25.64%
5 to less than 10 years	\$118,400	30.19%
10 to less than 20 years	\$187,000	34.55%
20+ years	\$277,500	34.78%



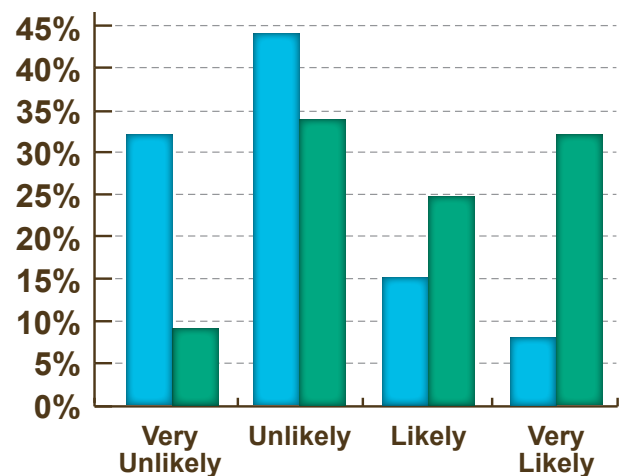
### Fairly Compensated

● Yes 66.2%  
● No 33.8%

Approximately 1/3 of respondents who feel they are under compensated are actually above median compensation.

## Compensation Satisfaction vs. Likelihood of Looking for New Job

Individuals who don't feel they are fairly compensated are much more likely to be looking for a new job than their counterparts who believe they are fairly compensated.



● Fairly compensated ● Not fairly compensated

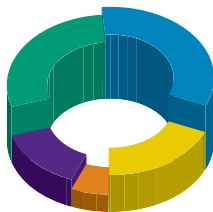


## Job Title

Occupation	%	Number
Chief Executive Officer/Chief Financial Officer	2%	12
Chief Investment Officer	4%	22
Head of Equities/Head of Fixed Income	1%	5
Portfolio Manager (equities)	9%	44
Portfolio Manager (fixed income)	8%	41
Portfolio Manager (quantitative)	1%	5
Portfolio Manager (indexed/other)	2%	11
Buy-side Research Analyst (equity)	5%	26
Buy-side Research Analyst (fixed income)	10%	53
Buy-side Research Analyst (quantitative)	2%	12
Buy-side Research Analyst (other)	4%	23
Buy-side Trader (equity)	2%	8
Buy-side Trader (fixed income)	1%	6
Buy-side Trader (other)	0%	2
Institutional Sales Representative/Relationship Manager	2%	12
Wholesale/Intermediary Sales Representative	1%	4
Marketing Manager	1%	6
Strategist	1%	5
Manager of Managers	8%	40
Financial Advisor/Broker	5%	25
Private Banker	0%	1
Investment Banker	2%	12
Sell-side Research Analyst (equity)	2%	8
Sell-side Research Analyst (fixed income)	0%	2
Sell-side Trader (equity)/Sell-side Sales (equity)	1%	3
Sell-side Trader (fixed income)/Sell-side Sales (fixed income)	0%	1
Performance Analyst	4%	18
Risk Manager	4%	21
Private Client Professional (other)	4%	23
Accountant/Auditor	4%	18
Actuary	1%	5
Consultant	7%	34
Credit Analyst (rating)	0%	1
Professor/Lecturer/Regulator	1%	3

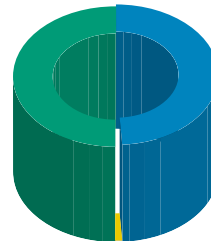


### Years of Experience



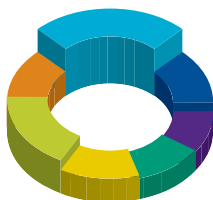
Less than 2 years	6%
2 to 5 years	14%
5 to 10 years	29%
10 to 20 years	33%
Greater than 20 years	19%

### Education



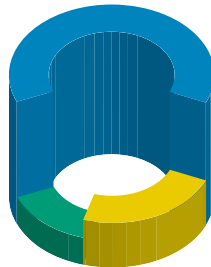
Bachelor degree	50%
Graduate degree	49%
Doctorate	1%

### AUM of Firm



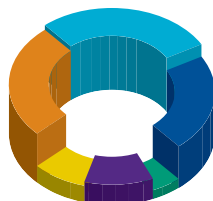
<\$500 million	9.8%
\$500 to <\$2 billion	10.9%
\$2 to <\$10 billion	12.4%
\$10 to <\$50 billion	17.3%
\$50 to <\$100 billion	12.6%
>\$100 billion	24.6%
Not applicable	12.4%

### Charterholder Status



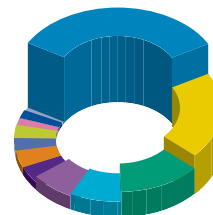
Charterholder	63%
Candidate	23%
None	14%

### Employer Size



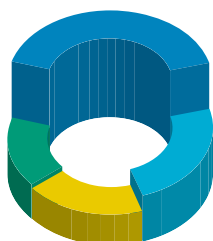
<50	28.2%
50 to <250	21.9%
250 to <500	4.7%
500 to <2,500	10.7%
2,500 to <5,000	8.7%
More than 5,000	25.7%

### Organization Type



Investment management firm	34%
Investment bank, commercial bank, brokerage firm	20%
Insurance company	13%
Other	8%
Consulting, accounting, law firm	7%
Family office	4%
Government agency/department	4%
Endowment, foundation, other not-for-profit	3%
Hedge fund or fund of hedge funds	3%
Corporate plan sponsor	2%
Not currently employed	2%
Educational institution	1%

### Likelihood of Looking for New Role in 2014



Very Likely	16%
Likely	18.9%
Unlikely	41.1%
Very Unlikely	24%



## Survey Methodology

**Method**—An online survey was deployed to known financial professionals in the five-state Midwest Region by CFA Society Minnesota. Email subscribers of CFA Society Minnesota and LinkedIn group members were specifically targeted, however the survey was not limited to just these audiences. In addition, this survey was structured so all data gathered was anonymous, with no identifiable information requested.

**Respondents**—Respondents are financial and investment professionals in the five-state Midwest Region, totaling 572 unique responses.

**Timing**—The survey was active from April 15, 2014 – May 9, 2014.

**Assumptions**—The findings from this survey were derived from self-reported data. Because the survey uses sampling methodology and broadly defined positions, survey findings are not necessarily representative of the total population; rather, the survey is designed to provide general information about pay levels within the industry. Earning any degree or professional designation is no guarantee of employment or compensation.

## About CFA Society Minnesota

CFA Society Minnesota is the premier professional organization for investment professionals to connect with Chartered Financial Analysts in the Twin Cities area and throughout the Midwest five-state region. Our mission is to promote and advance the professional excellence, ethical behavior, and fellowship of our members through quality programs, educational offerings, and volunteer opportunities.

If you are interested in learning more about earning your charter, or to learn more about CFA Society Minnesota, please contact us at [support@cfamn.org](mailto:support@cfamn.org).

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